



Testimony
March 2, 2011
Appropriations Committee
CT. General Assembly

My name is Patrick Johnson and I am President of Oak Hill and Chairperson of the Connecticut Community Providers Association. I am here today to express, on behalf of CCPA and my colleague agencies among the community based not for profit providers, our sincere appreciation to Governor Malloy for his support of the safety net of human services in our state that supports and serves our most vulnerable fragile citizens. In the absence of our work, people with developmental, intellectual, and behavioral health disabilities have nowhere else to go. In most cases their lives depend on our services being there. While the Governor calls for sacrifice and shared pain he is well aware that chronic underfunding of the community based safety net has resulted in our organizations becoming financially fragile after 20 years of less than 1% increases in revenue for existing state contracts and now we may have five years in a row of zero increases. Please know that this is simply not sustainable.

While fixed costs continue to climb over the past 10 years with a 135% increase in health care, a 90.1% increase in charges from CL&P, motor vehicle fuel and insurance climbing 77%, along with dramatic increases in heating oil, natural gas, maintenance of technology, and property maintenance; there has been continued chronic underfunding of state contracts. This has left our private agencies in a financially anorexic and very fragile condition. According to valuable reliable data recently gleaned for the Commission on Health and Human Services from the 2009 independent audits of community providers; over 75% have less than one month of available financial reserves. 33.7% have a negative financial balance; thus experiencing very serious financial difficulties. In our random sample of over 100 private agencies there was none that met savings indicator ratio standards, meaning that they are all using up their financial reserves and not saving. Over half of those in the random sample had unsatisfactory debt ratios. This poor debt ratio combined with not having a safe amount of operating revenue would render these organizations seriously financially precarious not only by GAAP standards but by any standard.

I urge you to please consider the importance of the safety net, the vital role played in the lives of severely disabled people by community non-profits and the financial fragility of this essential safety net resulting from years of pain and sacrifice caused by chronic underfunding. At the end of the day, these services are truly a life line and that line has to be a priority over the bottom line which concerns us all.

Ethicists remind us that government budgets are not simply about economics, they are about fundamental morality. They reflect more clearly perhaps than any other document what our core values are; what our moral priorities are. The responsibility of government for the common good is a basic

principle that has guided democratic governments to pursue social justice and protect and lift up the most vulnerable. As we focus on the bottom line during this session I ask that we not forget the lifeline that is in the fabric of our state budget! Thank you for this opportunity to be heard!

Respectfully submitted,

Patrick J. Johnson Jr.

President of Oak Hill & Chairperson of CCPA

